Thammasat University
Faculty of Economics
Bachelor of Economics (International Program)

AC201

Fundamental Accounting

Semester 1/2012
(August – December, 2012)

Course Description:

A study of the evolution of accounting; the functions of accounting in identifying, recording, and classifying financial transactions; characteristics of various types of accounts; the accounting principles and concepts for measuring these financial transactions; a preparation of financial statements; and the usefulness and limitations of accounting information.

Course Objectives:

The purpose of this course is to introduce students the role of accounting as a window through which to see how economic events affect business. The students will learn conceptual framework as well as accounting procedures. The emphasis will be on preparing and using accounting information for financial analysis.

Instructors:

Instructor	Contact Info.	Office	Office Hours
Assistant Professor Dr. Orapan Yolrabil	Email: orapan@tbs.tu.ac.th	Room #555 and BBA Office, TBS Building Office phone: 02-613-2208	By appointment via email
Ajarn Santana Singhasaneh, CPA	Email: santana.tu@gmail.com	Room #530 TBS Building Office phone: 02-613-2239	By appointment via email

Please include the following title in the subject area of your email sending to us
*"**AC201-BE-1-2012**"*
[course number-program-semester-academic year].
For example, if you would like to ask questions related to Chapter 1,
*you can send email with the title "**AC201-BE-1-2012**: Questions about Chapter 1".*

Class Time and Venue:

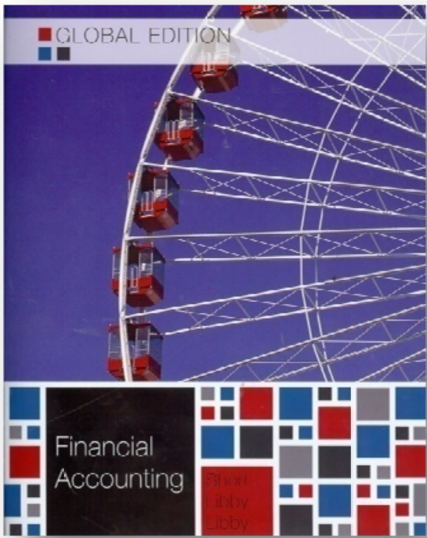
Day: Friday
Time: 02:00 p.m. – 05:00 p.m. (3-hour class)
Venue: Faculty of Economics Building, Room #202

Tentative Grading:

Midterm Examination *Date:* Friday, October 5, 2012 *Time:* 3.00 p.m. – 6.00 p.m. (3 hours) *Topics Covered:* Financial Statement Presentation, Accounting Cycle, Cash, Receivables, and Inventories		40%
Final Examination *Date:* Friday, December 7, 2012 *Time:* 1:30 p.m. – 4:30 p.m. (3 hours) *Topics Covered:* Property, Plant, and Equipment, Natural Resources, Intangible Assets, Debt Financing, Equity Financing, Investments in Debt and Equity Securities, Statement of Cash Flows, and Financial Statement Analysis		40%
Quizzes and Assignments		20%
▪ In-class Quizzes	15%	
▪ Project	5%	
		100%

Note that weighting assigned might be changed as instructors see fit.

Required Text and Materials:



Text:

Short, Libby, and Libby.
Financial Accounting 7th (Global) Edition. McGraw-Hill/Irwin. 2011.

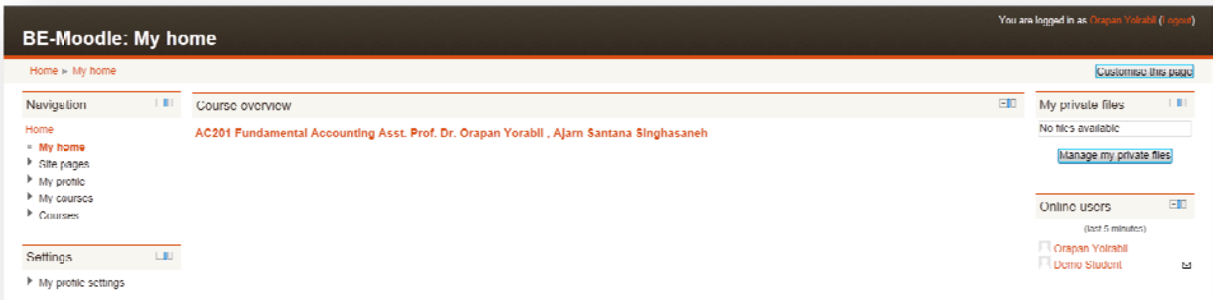
Recommended Text, Materials, and Links:

Text:

Phillips, Libby, and Libby. **Fundamentals Financial Accounting** 3nd Edition. McGraw-Hill International. 2011.
Harrison, Horngren, Thomas, and Suwardy. **Financial Accounting: International Financial Reporting Standards** 8th Edition. Pearson Education, 2011.

Lecture Notes:

Instructors' handouts (uploaded to the BE Moodle System at **http://be-moodle.econ.tu.ac.th**)



Thai Financial Reporting Standards:

Selected Thai Financial Reporting Standards will be discussed in class.

Framework for the Preparation and Presentation of Financial Statements

TAS 1	Presentation of Financial Statements
TAS 2	Inventories
TAS 7	Statement of Cash Flows
TAS 16	Property, Plant and Equipment
TAS 37	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	Intangible Assets
TAS 101	Doubtful Accounts and Bad Debts
TAS 105	Accounting for Investment in Debt and Equity Securities

Links:

The useful links are provided below:

www.fap.or.th	Federation of Accounting Professions of Thailand
www.set.or.th	The Stock Exchange of Thailand
www.settrade.com	The Stock Exchange of Thailand Group
www.sec.or.th	Securities and Exchange Commission of Thailand
www.moc.go.th	Ministry of Commerce of Thailand
www.bot.or.th	Bank of Thailand
www.iasb.org	International Accounting Standard Board

Course Administration:

1. **Practices (0%)**
   The students are required to read the chapter before class. The students are recommended to work on review problems at the end of each chapter (no credits taken).

2. **Quizzes (15%)**
   The unannounced quizzes may be and will be given in class. The students must prepare for the quizzes at all time. No make-up quiz is allowed for any reasons.

3. **Project (5%)**
   At the end of the course, the students are required to do project on financial statement analysis. The students must be able to integrate the knowledge acquired during the semester to analyze entity's financial performance, financial position, and other aspects based on financial reports of the entity. The students can select the entity of interest for this project. However, the entity selected must be listed in The Stock Exchange of Thailand and must be non-finance, non-insurance, and non-bank organizations.

4. **Exams (80%)**
   There are 2 exams throughout the course. The weight assigned to each exam (Midterm and Final exam) is 40%, and 40%, respectively. Thus, the total weight for all exams is 80%. The exams are closed-note, closed-book exams. Only basic calculators are allowed in the exams. Financial calculators are NOT allowed.

   Dishonesty during the quizzes and tests will result in an immediate "F" grade in this course and suspension according to Thammasat University Code of Conduct.

Important Dates:

ACADEMIC CALENDAR 2012

	Semester 1
	August - December 2012
Classes Begin	August 14, 2012
Mid-term Examination Period	October 1 - 6, 2012
Course Withdrawal With "W"	October 17 - 22, 2012
Last Day of Classes	December 1, 2012
Final Examination Period	December 3 - 20, 2012

HOLIDAYS FOR SEMESTER 1/2012

Year 2012		
August	Thursday 30	Thammasat Graduation Ceremony
October	Tuesday 23	Chulalongkorn Memorial Day
December	Wednesday 5	H.M. The King's Birthday
	Monday 10	Constitution Day
	Monday 31	New Year's Eve

Course Schedule:

Sessions	Topics
Session #1	**Course Overview**
	Chapter 1: Financial Statements and Business Decisions ▪ Understanding the Business ▪ The Four Basic Financial Statements: An Overview – Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Stockholders' Equity, and Statement of Cash Flows ▪ Responsibilities for the Accounting Communication Process – Generally Accepted Accounting Standards, International Financial Reporting Standards, Thai Financial Reporting Standards
Session #2	**Chapter 2: Investing and Financial Decisions and the Statement of Financial Position** ▪ Understanding the Business ▪ Overview of Accounting Concepts ▪ What Business Activities Cause Changes in Financial Statement Amounts? – Nature of Business Transactions, Accounts ▪ How Do Transactions Affect Accounts? – Principles of Transaction Analysis ▪ How Do Companies Keep Track of Account Balances? – The Direction of Transaction Effects, Analytical Tools ▪ How is the Statement of Financial Position Prepared and Analyzed? – Classified Statement of Financial Position
Session #3	**Chapter 3: Operating Decisions and the Statement of Comprehensive Income** ▪ Understanding the Business ▪ How Do Business Activities Affect the Statement of Comprehensive Income – The Accounting Cycle, Elements of Statement of Comprehensive Income ▪ How Are Operating Activities Recognized and Measured? – Accrual Accounting ▪ The Expanded Transaction Analysis Model – Transaction Analysis Rules ▪ How are Financial Statements Prepared and Analyzed?
Session #4-5	**Chapter 4: Adjustments, Financial Statements, the Quality of Earnings** ▪ Understanding the Business ▪ Adjusting Revenues and Expenses – The Accounting Cycle, Unadjusted Trial Balance, Purpose of Adjustments, Types of Adjustments, Adjustment Process ▪ Preparing Financial Statements – Statement of Comprehensive Income, Statement of Changes in Stockholders' Equity, and Statement of Cash Flows ▪ Closing the Books – End of Accounting Cycle

Sessions	Topics
Session #6	**<u>Chapter 6:</u> Reporting and Interpreting Sales Revenue, Receivables, and Cash** ▪ Understanding the Business ▪ Accounting for Sales Revenue – Sales Discounts, Sales Returns and Allowances, Reporting Net Sales ▪ Measuring and Reporting Receivables – Classifying Receivables, Accounting for Doubtful Accounts and Bad Debts, Reporting Receivables, Doubtful Accounts Expense, and Bad Debts, Estimating Uncollectible Accounts, Control Over Accounts Receivable ▪ Reporting and Safeguarding Cash – Cash and Cash Equivalents Defined, Cash Management, Internal Control of Cash, Reconciliation of the Cash Accounts and the Bank Statements ▪ Financial Analysis – Accounts Receivable Turnover
Session #7	**<u>Chapter 7:</u> Reporting and Interpreting Cost of Goods Sold and Inventory** ▪ Understanding the Business ▪ Nature of Inventory and Cost of Goods Sold – Items Included in Inventory, Costs Included in Inventory Purchases, Flow of Inventory Costs, Nature of Cost of Goods Sold ▪ Inventory Costing Methods – Cost Flows Assumptions (First-in, First-out; Last-in, First-out [Not Allowed in Thailand]; Weighted Average Cost, Specific Identification), Financial Statement Effects of Inventory Methods ▪ Valuation at Lower of Cost of Net Realizable Value ▪ Evaluating Inventory Management ▪ Control of Inventory ▪ Financial Analysis – Inventory Turnover
Session #8	**<u>Chapter 8:</u> Reporting and Interpreting Property, Plant, and Equipment; Natural Resources; and Intangibles** ▪ Understanding the Business ▪ Acquisition and Maintenance of Plant and Equipment – Classifying Long-Lived Assets, Measuring and Recording Acquisition Cost ▪ Use, Impairment, and Disposal of Plant and Equipment – Depreciation Concepts, Alternative Depreciation Methods (Straight-line, Units-of-Production, Declining-Balance) ▪ Natural Resources and Intangible Assets – Acquisition and Depletion of Natural Resources, Acquisition and Amortization of Intangible Assets ▪ Financial Analysis -- Fix Asset Turnover
Session #9	**<u>Chapter 9:</u> Reporting and Interpreting Liabilities** ▪ Understanding the Business ▪ Liabilities Defined and Classified ▪ Current Liabilities – Accounts Payable, Accrued Liabilities, Notes Payable, Current Portion of Long-term Debt, Deferred Revenues ▪ Long-term Liabilities – Long-term Notes Payable and Bonds ▪ Present Value Concepts – Present Value of a Single Amount, Present Value of an Annuity, Applications of Present Values ▪ Financial Analysis -- Quick Ratio, Accounts Payable Turnover
Session #10	**<u>Chapter 10:</u> Reporting and Interpreting Bonds** ▪ Understanding the Business ▪ Characteristics of Bonds Payable ▪ Reporting Bonds Transactions – Bonds Issued at Par, Bonds Issued at Discount, Bonds Issued at Premium ▪ Early Retirement of Debt ▪ Financial Analysis – Times Interest Earned, Debt-to-Equity

Sessions	Topics
Session #11	**Chapter 11: Reporting and Interpreting Shareholders' Equity** ▪ Understanding the Business ▪ Ownership of a Corporation – Benefits of Share Ownership, Authorized, Issued, and Outstanding Shares ▪ Ordinary Share Transactions – Share Issuance, Share Repurchase ▪ Dividends on Ordinary Shares ▪ Share Dividends and Share Splits ▪ Preference Shares – Dividends on Preference Shares ▪ Financial Analysis – Earnings Per Share, Dividend Yield
Session #12	**Chapter 12: Reporting and Interpreting Investments in Other Corporations** ▪ Understanding the Business ▪ Types of Investments and Accounting Methods – Passive Investments in Debt and Equity Securities, Investments in Equity Securities for Significant Influence, Investments in Equity Securities for Control ▪ Debt Held to Maturity: Amortized Cost Method – Bond Purchases, Interest Earned, Principal at Maturity ▪ Passive Investments: The Fair Value Method – Classifying Passive Investments at Fair Value, Securities Available for Sale, Comparing Trading and Available-for-Sale Securities ▪ Investments in Significant Influence: Equity Method – Recording and Reporting Investments under the Equity Method ▪ Controlling Interests: Mergers and Acquisitions
Session #13	**Chapter 13: Statement of Cash Flows** ▪ Understanding the Business ▪ Classifications of the Statement of Cash Flows – Cash Flows from Operating Activities, Investing Activities, and Financing Activities, Net Increase (Decrease) in Cash, Relationships to the Statement of Financial Position, Statement of Comprehensive Income ▪ Reporting and Interpreting Cash Flows from Operating Activities – Direct VS. Indirect Method ▪ Reporting and Interpreting Cash Flows from Investing Activities ▪ Reporting and Interpreting Cash Flows from Financing Activities ▪ Completing the Statement and Additional Disclosures – Statement Structure, Noncash Investing and Financing Activities
Session #14	**Chapter 5: Communicating and Interpreting Accounting Information** ▪ Understanding the Business ▪ Players in the Accounting Communication Process ▪ The Disclosure Process ▪ A Closer Look at Financial Statement Formats and Notes ▪ Return on Assets Analysis: A Framework for Evaluating Company Performance
	Chapter 14: Analyzing Financial Statements ▪ Understanding the Business ▪ The Investment Decision ▪ Understanding a Company's Strategy ▪ Financial Statement Analysis ▪ Ratio and Percentage Analysis – Component Percentages, Tests of Profitability, Tests of Solvency, Market Tests ▪ Interpreting Ratios and Other Analytical considerations
Session #15	**Wrap-up**